

## **1. UPDATE ON CONDOM FACTORY**

- a. HBM SA Health's plant will create approximately 145 job opportunities and will be able to produce approximately 18 Million condoms per month.
- b. HBM SA Health's market will primarily focus on selling to the South African Government, and exports into African Markets with an 80:20 split.
- c. Currently the South African Government' total condom demand equates to **1 billion units** (annually) with local NGO's being the main customers.
- d. HBM SA Health are setting up two manufacturing lines initially, creating a capacity of **700 000** condoms per day, producing up to **18.2 million condoms per month** and **218.4 million per annum** at maximum capacity.
- e. SA Health is currently one of eight official condom suppliers to the South African Department of Health under a three-year contract from 01 July 2015 to 30 June 2018. This is the second three year contract with the Department after the renewal of the first contract which was for the period 01 September 2012 to 31 August 2014. The production output will supply approximately 12% of the requirements of the National Department of Health.

### **f. Ownership:**

HBM Group – 25%: HBM-Group is a company headquartered in the US, with operations in China.

Latex Industries SA – 75%: This is a 51% Black African owned company

Total Investment excluding buildings is R55 Million,

The building is developed by a third party estimated at approximately R100 million.

- g. SA Health has begun negotiating with Dube TradePort for a much larger facility in Phase 2 of the TradeZone, this will allow a far greater focus on export opportunities and private branding potential.
- h. SA Health are at commissioning phase with their new plant and equipment.  
They anticipate that SABs testing will be at the end of August or beginning of September 2017.  
Once that is complete they will start with their full on manufacturing process which is expected in October 2017.

## **2. UPDATE ART FACTORY**

### **a. BACKGROUND**

The production of anti-retroviral treatments (ART) in KZN came about when Dube TradePort was negotiating the biotech facility with Cipla. At the time EDTEA was pursuing a parallel process with Cipla to see if they could expand to include ART as part of a bigger investment. I think that it may have been at this point that the project was introduced to the Aids Council by EDTEA. To date we have not been requested as DTPC to report on this project formally.

### **b. PHARMA CLUSTER**

However, Cipla finally chose to focus on the Biotech in late 2015 and we have been working with them since then on their BioTech facility at Dube TradePort. Important to the AIDS Council is that DTPC is very actively pursuing a Healthcare and Pharmaceutical Cluster which will target a wide range of medical and pharmaceutical orientated investment. We are working very closely with The dti on this especially around shared infrastructure. Our pipeline is very strong and we have three deals we intend closing this financial year.

**c. CIPLA**

Cipla have recently informed us that they now wish to pursue solid dose production rather than biotech at their DTPC facility. They have indicated that their priority will be respiratory products but they are now also looking at including an ART line. They are undertaking a business case on this at the moment.